CHAPTER 7

MATRIX VI - TRANSITION FROM
STRATIFICATION TO BUDGET

A. INTRODUCTION

1. The following description and elements apply to the display for the transition of stratification data into budget estimates. The transition statement is a vehicle for a uniform approach to adjustments required to the basic summary dollar value Matrix I, II, and V stratifications in the development of the secondary item funding requests. It portrays stratification requirements by element and reflects asset applicability, repair, and procurement deficiencies. It provides for adjustments to basic values, reconciliation to certain financial records, and other changes not considered in the stratification process.

2. For budget estimates, at least three separate transition statements will be prepared: the first covers the balance of the current year (CY), FY 1; the second covers the apportionment year (AY), FY 2; and the third covers the biennial budget year (BY), FY 3. A transition statement for biennial BY+1, FY 4, is prepared only when a biennial budget is required. For DoD Components with worldwide visibility of requirements and assets, the transition requirements will be displayed on Matrix VI(A) using the total Matrix I (retail and wholesale). Wholesale requirements for DoD Components

without worldwide visibility will be displayed on Matrix VI(B) using only the wholesale elements of Matrix I. Retail requirements for DoD Components without worldwide visibility will be displayed on Matrix VI(C) using Matrix V. For depot-level reparable items, DoD Components will also prepare Matrix VI(D), Repair Transition using summary Matrix II.

3. Uniform alphabetical column designations and titles are used for all columns in the transition statement except where multiple transactions require more than one column. In those instances, backup columns are identified to the column designator with a numeric suffix and appropriate title. These backup columns will be submitted only upon request from OSD .

B. COLUMNAR ENTRIES

1. Uniform column designations and titles for the summary procurement transition forms are as follows:

Column	Title
A	Summary Matrix I or II [STRAT MATRIX]
B	Demand and Level Adjustments Matrix I or II [DMD/LVL ADJ]
c	Adjustment to Initial Spares [INITIAL SPARES ADJ]
D	Financial record adjustment [FIN RCD ADJ]
E	Program changes adjustments [PROG CHG ADJ]

F   Other adjustments [OTHER ADJ]

G   Summary Matrix I *or* V Retail
     [RETAIL STRAT]

H   Demands and Levels Adjustments
     [RETAIL DMD & LVL Adj]

1   Retail Financial Records
     Adjustments [RETAIL FIN RCD
     ADJ]

J   Subtotal, Adjusted Strati-
     fication [SUBTOT ADJ STRAT]

K   Logistics Gains/Other Program
     Increases [CAP/OTHER INCREASES]

L   Logistics Losses/Other Program
     Decrease [DECAP/OTHER DECREASES]

M   Returns of Material [MATERIEL
     RETURNS]

N   Transfers to Defense Reutil-
     ization and Marketing Office
     (DRMO) and other changes
     [TRANSFERS TO DRMO]

0   Total budget (sum of J through
     N) [TOTAL BUDGET RQMT]

o(1) Adjustment for Net/Standard
     [ADJUST NET/STD]

o(2) Requirements at Net/
     Standard [RQMTS NET/STD]

o(3) Conversion to Cost [CONVERT
     COST]

o(4) Requirements at Cost [RQMTS
     AT COST]

P   Obligations at Cost [1ST
     HALF ACTUAL OBLIGS]

P(1) Obligations for Mobil-
     ization at Cost [MOB OBLIGS
     AT COST]

P(2) Obligations for Transpor-
     tation [TRANS OBLIGS AT
     COST]

P(3) Obligations for Repair
     [REPAIR OBLIGS]

P(4) Precommitments [LESS
     PRECOMMITS]

Q   Fiscal Year Total [TOTAL FY
     RQMT]

   2. **Column A - Summary Matrix
I, 11 or V.** Specific line
entries are identified in
Section C, Line Entries, below.

   3. **Column B - Demand and
Level Adjustment, Matrix I.**
Column B is used to make
adjustments to the basic
stratification in Column A. It
is customary to delete the
Matrix I initial spares
stratification if program data
are not used in producing the
stratification output. Values
for this adjustment are
developed from the Matrix I
Initial Spares Stratification
and entered as negative numbers
in preparing Column B. The
number of adjustments that may
occur in Column B will vary but
the following are some of the
usual ones:

     a. Adjustment to demands
to date of last buy.

     b. Demand and/or levels
adjustments .

     c. Adjustment to due-out
requirements.

     d. Adjustments to
specific NSNS.

   4. **column c - Adjustment to
Provisioning Requi rement.**
Column C is used to add
provisioning/initial spares if
the requirements DID NOT appear
in the stratification or if the
Matrix I provisioning
stratification was deleted in
Column B. The requirements,
assets, and obligations
reflected on the initial spares
budget exhibit should be added
in this column if the
provisioning stratification has
been deleted in Column B.
Column C is also used to, reflect
the migration of provisioning
requirements and assets to other
categories, i.e. , replenishment,
insurance, L-O-T, etc.

5. **Column** D - Reconciliation of Inventory to *Financial* **Records, Matrices** I or II. Column D is used to reconcile the Matrix I or II *stratification of on-hand assets* to the financial record. It is also used to adjust line 19a, On Order Beginning of Period Applicable, and line 19c, On order End of Period, if required to account for any unobligated prior-year war reserve funds that are still available for obligation. This column may be used to display the availability of deobligations anticipated during the period or to adjust" differences between stratification on-order (contract and commitment) and what actually appears in the financial system. Other typical adjustments are the reconciliation between stratification and the financial records for in-transit assets, and to adjust for accounts payable and progress payments.

6. *Column* E - Adjustments for Forecast Program Changes Not Included in Basic Stratification Matrices I and II. Column E reflects adjustments needed to satisfy program changes that have not been included in the basic stratification summary in Column A. Those changes, for example, that might occur in Supply and Operational availability goals, forecast price changes, or requirements level changes not included in Column B.

7. Column F - Other Changes Matrices I and II. Column F includes any other adjustments to the stratification summary

data in Column A as of the cutoff date that cannot be accommodated in Columns B through E. Each entry in Column F must be justified separately.

8. *Column G* - Retail Summary Matrix I or Summary Matrix V. Line entries for this column are specified in Section C, Line Entries, below.

9. column **H** - Retail Demand and Levels Adjustment Matrices I and V. Column H is used to correct errors in the basic retail stratification summary included in Column G. Examples are improper demand base, levels in excess of authorization, and improper pipeline days (order and ship time) and to reduce the full operating level to a balance of operating level. Known program changes to the basic stratification straight line projection are also included in this column.

10. Column I - Adjustments to Reconcile Retail Inventory to Financial Records and to Accommodate Forecast Program Changes Matrices I and V. Normally, inventory is not reconciled with the financial records at the retail level. However, *if* gross errors or omissions are found in Matrix I or Matrix V, an adjustment may be necessary. Column I is also used to project the impact of known program changes during the forecast period.

11. Column J - Subtotal Adjusted Stratification. column J will be the sum of Columns A through F for Matrix VI(B), the sum of Columns G, H and I for

Matrix VI (C.), and the sum of Columns A through I for Matrix VI (A).

12. Column *K* - Logistics Gains and Other Program Increases Matrices I and V. Column K is used to show adjustments to requirements and assets resulting from expected logistics gains, transfers, and other program increases not shown in Column E. Lines 1 through 11 should reflect increases to issues and requirements as a result of incoming logistical transfers. Lines 17, 17a and 17b should reflect receipts and transfers (including on order materiel) of assets resulting from these transfers. In addition to logistics gains, a subdivision of Column K is used to reflect authorized price escalation that is applied only to the replenishment obligation requirements on Line 22.

13. Column L - Logistics Losses and Other Program Decreases Matrices I and V. Column L shows adjustments to requirements and assets resulting from expected logistics losses and transfers, and other program decreases during the period. Lines 1 through 11 should reflect decreases to issues and requirements as a result of those transfers. Lines 17, 17a and 17b reflect the transfer of assets.

14. Column M - Returns "of Materiel Matrices I and V. Column M shows projected customer serviceable and unserviceable returns not already reflected in preceding columns. The budget analyst divides unserviceable return

between Line 17a and Line 17b based on stratification ratios or other knowledge. Column M is also-utilized to expand unserviceable returns to a prediscounted figure. A subdivision of Column M should be used to make necessary adjustments to accommodate primary inventory control activity (PICA) and secondary inventory control activity (SICA) items.

15. Column N - *Transfers* to Defense Reutilization and Marketing Office **(DRMO)** and Other Changes During the Period Matrix I and V. Column N will include anticipated transfers to DRMO and other changes during the period, such as, other gains and losses and transfers among inventory strata, which affects the applicability of inventory. For transfers to DRMO, the estimated value of the materiel transferred is reflected on Line 17 and 17b. It includes the amount of material expected to be condemned in the repair process. Column N is also used to reverse the amount of material shown on Matrix I (Columns F plus G, Line 3) as being disposed.

16. **Column** *O* - Total Budget. Column O is the sum of Columns J through N. If Column O supports fiscal year 1 (current year) of a budget submission, additional columns are required to expand the forecasted 6 months to a total fiscal year.

17. Column O(1) - Adjustment for Exchange/Standard Price Differential. In order to compute the Exchange/Standard Price differential, net customer orders must be separated into non-recurring demand orders

(priced at standard), recurring demand orders with no carcass return (priced at standard) and recurring demand orders with a carcass return (priced at exchange price) . The difference between total customer orders at standard price and the sum of non-recurring demand orders, recurring demand orders without carcass return, and recurring demand orders priced as described in the preceding sentence is the first step in calculating the exchange/ standard price differential. In order to convert the net customer orders to gross sales for the inventory statement, the change in unfilled customer orders must be computed for each category of orders and subtracted for the net orders for each category. The difference between the change in unfilled customer orders at standard and the change in unfilled customer orders for each category is added to the exchange/standard orders above. Lastly, the credit sales for each category must be computed and added for each category of sales. The difference between the credit sales estimated for each category or orders priced at either exchange or standard and the total estimated credit sales at standard must also be added to the exchange/standard differential. The sum of the exchange/standard price differential for customer orders, the change in unfilled customer orders difference and the addition of the appropriate value of credit sales the amount that should be entered on line 2, Demands to Date of Last Buy. This value should also be reflected in line 11, Gross Reimbursable Issues, and offset in line 17a, Applicable Changes During the Period.

18. Column O(2) - Requirements at Net - Standard. Column O(2) is the sum of Column O and Column O(1).

19. Column O(3) - Conversion to cost. Column O(3) is the difference between Column O(2) and Column O(4) . Entries are required for lines 18 through Lines 22. It represents the conversion of requirements, on order, commitments, precommitments and obligations from standard to cost.

20. **Column** o(4) - **Requirements** at Cost. column o(4) reflects the net requirements, on order, commitments and obligations at cost .

21. column *P* - Obligations at Cost from Beginning *of* Fiscal Year to Stratification Cutoff Date Matrices I and V. Column P shows the obligations actually incurred from the beginning of the FY to the cutoff date of the stratification matrix used for Column A of the transition statement at cost. These obligations DO NOT include" transportation and mobilization obligations .

22. *column* P(1) - Obligations *for* Mobilization. column P(1) shows the obligations at cost incurred for mobilization from the beginning of the FY to the cutoff date.

23. Column P(2) - Obligations for Transportation Costs. Column P(2) 'shows the obligations at cost incurred for transportation from the beginning of the FY to the cutoff date.

24. Column P(3) - Less **Precommitments**. column P(3) deletes the precommitments from the total commitments.

25. Column P(4) - Repair Requirement. column P(4) reflects the obligations at cost incurred for repair from the beginning of the FY to the cutoff date.

25. column Q - *Fiscal* Year Total. Column Q shows the total requirement for commitments and obligations at cost.

C. LINE ENTRIES. (Only those entries that are from the stratification or other matrices are described below) .

1. Stock Due-Out [DUES OUT] shows the dollar value of dues-Out .

a. Matrix VI(A) & VI(B) - Line 1, Column A, is equal to Line 17, Column B, Matrix I(B), I(C), or I(D).

b. Matrix VI(A) - Line 1, Column G, is equal to Line 7, Column B, Matrix I(B) , I(C) or I (D) .

c. Matrix VI(C) - Line 1, Column G, is equal to Line 7, Column B, Matrix V(A).

d. Matrix VI(D) - Line 1, Column A, is equal to Line 8, Column B, Matrix II(B), II(c) or II(D) .

2. Demands to Date of Last Buy **[DMD** TO DLB] shows the dollar value of demands.

a. Matrix VI(A) & VI(B) - Line 2, Column A, is equal to Line 18, Column B, Matrix I(B), I(C), or I(D).

b. Matrix VI(A), Line 2, Column G, is equal to Line 9, Column B, Matrix I(B), I(C), or I(D) .

c. Matrix VI(C) - Line 2, Column G, is equal to Line 10, Column B, Matrix V(A).

3. Demands to Date of Last Induction [DMD TO **DLI]**. Matrix VI (D) - Line 2, Column A, is equal to Line 9, Column B, Matrix II(B), II(C) or II(D).

4. Safety Level [SAFETY LEVEL] shows the dollar value of safety level total.

a. Matrix VI(A) & VI(B) - Line 3, Column A, is equal to Line 19, Column B, Matrix I(B), I(C), or I(D).

b. Matrix VI(A) - Line 3, Column G, is equal to Line 8, Column B. Matrix I(B), I(C), or I(D) .

c. Matrix VI(C) - Line 3; Column G, is equal to Line 8, Column B, of summary Matrix V(A) .

d. Matrix VI(D) - Line 3, Column A, is equal to Line 10, Column B, Matrix II(B), II(C) or II(D) .

5. Safety Leve 1- Customer Wait Time **[CUST WAIT TIME]** shows the portion of the dollar value of the safety level total that

is applicable to a customer wait time goal.

a. Matrix VI(A) & VI(B) - Line 3a, Column A is from Line 19a, Column B, Matrix I(B), I(C), or I(D).

b. Matrix VI (A) - Line 3a, Column G, is from Line 8a, Column B, Matrix I(B), I(C), or I(D) .

6. Safety Level - Operational Readiness [OPN READ] shows the portion of the dollar value of safety level total that is applicable to an operational readiness goal.

a. Matrix VI(A) & VI(B) - Line 3b, Column A, is equal to Line 19b, Column B, Matrix I(B), I(C) or I(D) .

b. Matrix VI(A) - Line 3b, Column G is from Line 8b, Column B, Matrix I(B), I(C), or I(D) .

7. Insurance [INSURANCE] shows the dollar value of the insurance objective level.

a. Matrix VI(A) & VI(B) - Line 4, Column A, is equal to Line 20, Column B, Matrix I(B), I(C) or I(D).

b. Matrix VI(A) - Line 4, Column G, is equal to Line 10 column B, Matrix I(B), I(C), or I(D) .

c. Matrix VI(C) - Line 4, Column G is from Line 9, Column B, Matrix V(A).
d. Matrix VI(D) - Line 4, Column A, shows the dollar value of the insurance objective from

Line 11, Column B, Matrix II(B), II(C) or II(D).

8. Initial Spares [INITIAL SPARESI shows the dollar value of provisioning.

a. Matrix VI(A) - Line 5, Column G is the same as Line 11, column B, Matrix I(B), I(C), or I(D) .

b. Matrix VI(C) - Line 6, Column G, is the same as Line 11, Column B, Matrix V(A).

9. Life-of-Type [L-O-T] shows the dollar value of the L-O-T Objective.

a. Matrix VI(A) & VI(B) - Line 6, Column A is equal to Line 21, Column B, Matrix I(B), I(C), or I(D).

b. Matrix VI(D) - Line 5, Column A is equal to Line 12, column B, Matrix II(B), II(C), ' or II(D) .

10. Repair Cycle Levels [REPAIR CYCLE] shows the dollar value of the repair cycle.

a. Matrix VI(A) & VI(B) - Line 7, Column A, is equal to Line 22, Column B, Matrix I(B), I(C) or I(D).

B. Matrix VI(A) - Line 7, Column G, is equal to Line 12, Column B, Matrix I(B), I(C), or I(D) .

C. Matrix VI(C) - Line 7, Column G, is equal to Line 12, Column B, Matrix V(A).

11. Repair Lead Time [REPAIR LT] shows the dollar value of

the repair lead time level.
Matrix VI(D) - Line 6, Column A,
is equal to Line 13, Column B,
Matrix II(B) , II(C) , or II(D) .

12. Induction Cycle [INDUCT
CYCLE] shows the dollar value of
the induction cycle level.
Matrix VI(D) - Line 7, Column A,
is equal to Line 14, Column B,
Matrix II(B), II(C), or II(D).

13. Material Pipeline [MAT'L
PIPELINE] .   Matrix VI (A) -Line 8
is equal to the sum of Lines 8a
through 8 e.

14. Product ion Lead time
[PROD LT] shows the dollar value
of the PLT.   Matrix VI(A)and
VI(B) -Line 8a, Column A is
equal to Line 23, Column B,
Matrix I(B) , I(C) or I(D) .

15. Administrative Lead time
[ADM LT] .   Matrix VI(A) and
VI (B) - Line 8b, Column A, is
equal to Line 24, Column B,
Matrix I(B), I(C), or I(D).

16. Procurement/Economic
Order Quantity [PROCUREMENT/
EOO].

a. Matrix VI (A) and VI (B)
- Line 8c, Column A is equal to
Line 25, Column B, Matrix I(B),
I(C), or I(D).

17. Order/Ship Time [OST] .

a. Matrix VI (A) - Line
8d, Column G is equal to Line
13, Column B, Matrix I(B) , I(C)
or I(D) .

b. Matrix VI(C) - Line 8,
Column G, is equal to Line 9,
Column B, Matrix V(B) .

18 Operating Level [OPER
LVL] .

a. Matrix VI (A) -Line 8e,
Column G, is equal to" line 14,
Column B, Matrix I (B) , I(C) or
I(D) .

b. Matrix VI (C) -Line 8,
Column G, is equal to Line 14,
Column B, Matrix V(A) .

19. Annual Operating
Requirement [ANN. OPR RQMT] .
Matrix VI (A) , VI(B) and VI(C) -
Line 9 is equal to the sum of
lines 1 through 8 for Columns A
and G.

20. Peacetime Repair
Objective [PT REPAIR OBJI .
Matrix VI (D) - Line 8 is equal
to the sum of lines 1 through 7
for Column A.

21. Less Fiscal Year __Issues
[LESS FY_ ISSUES] .

a. Matrix VI (A) & VI (B) -
Line 10, Column A, is equal to
Line 18, Column A, plus Line 17,
Column B, Matrix I(B) , I(C) or
I (D) minus Line 17, Column B,
Matrix I(C) and I(D) , or Line
32, Column B, Matrix I(D) ,
respectively.

c. Matrix VI (C) - Line
10, Column G, is equal to Line
13a, Column B, Matrix V(B).

d. Matrix VI(D) - Line 9,
Column A, is equal to Line 9a
plus Line 9b.

22. Gross Reimbursable Issues
[REIMB] .   Matrix VI (A) and VI (B)
- Line 10a, Column A, is the
same as Line 10.

23. Recurring Issues
[RECURRINGI. Matrix VI (D) -
Line 9a, Column A is equal to
Line 9a, Column A, Matrix II(B),
(C) or (D) .

24. Other Issues [OTHERI .

a. Matrix VI (A) & VI (B) -
Line 10b, Column A, is blank.

b. Matrix VI (D) - Line
9b, Column A, is the sum of Line
8, Column B plus Line 9b through
9e, Column A of Matrix II (B) , (C)
or (D) minus Line 8, Column B of
Matrix (C), (D) or Line 32,
Column A, Matrix (D)
respectively.

25. Transfers [TRANSFERS].
Matrix VI(A) & VI(B) - Line 10c,
Column A, is blank.

26. End of *Fiscal Year*
Peacetime Inventory Objective
[END FY_ PT **INV**].Matrix VI (A) ,
VI(B) and VI(C) - Line 11 equals
Line 9 minus Line 10.

27. Ending *Repair* Objective
[END REPAIR **OBJ]** . Matrix VI (D)
- Line 10 is equal to Line 8
minus Line 9, Column A.

28. War Reserves [RESERVES
WAR] .

a. Matrix VI (A) and VI (B)
- Line 12, Column A is the same
as Line 6b, Column B, Matrix
I(B), I(C), or I(D).

b. Matrix VI (A) - Line
12, Column G is the same as Line
6a, Column B, Matrix I(B) , I(C) ,
or I(D) .

c. Matrix VI (D) - Line
11, Column A is the same as Line

6, Column B, Matrix II(B) ,
II(C), or II(D) .

29. Protected War Reserve
[PROT. WAR RES] .

a. Matrix VI (A) & VI (B) -
Line 12a, Column A is equal to
L i n e 6b(1) ,lumn B, Matrix
I(B), I(C), or I(D).

b. Matrix VI (A) - Line
12a, Column G, is the same as
Line 12, Column G.

c. Matrix VI (D) - Line
ha, Column A, is equal to Line
6a plus Line 6 (b) 1, Column B,
Matrix II (B) , II(C) *or* II(D) .

30. Non-Protected War Reserve
[NON-PROTECTED] .

a. Matrix VI (A) and VI (B)
- Line 12b, Column A is equal to
Line 6b(2) , Column B, Matrix
l(B) , l(C), or l(D).

b. Matrix VI (D) - Line
11b, Column A is equal to Line
6b(2) , Column B, Matrix II(B) ,
II(C), or II(D) .

31. Total Materiel
Requirement [TOT MAT' L **RQMT]** .
Matrix VI (A) , VI(B) , and VI(C) -
Line 13, Columns A and G, is the
sum of Lines 11 and 12.

32. Total *Repair*
Object **ive** [TOTAL REPAIR OBJI .
Matrix VI (D) - Line 12, Column A
is the sum of lines 10 and 11.

33. Active Assets [ACTIVE
ASSETS] .

a. Matrix VI (A) - Line
14, Column A is the sum of Line

26, Columns D, F and G, Matrix I(B) , I(C) or I(D) .

b. Matrix VI (A) - Line 14, Column G, is equal to Line 15, Columns C, Matrix I(B) , I(C), or I(D).

c. Matrix VI (C) - Line 14, Column G, is the sum of Line 17 Column C and D, Matrix V(A) .

d. Matrix VI (D) - Line 13, Column A, is the sum of Line 16, Columns C, D, F and G, Matrix II(B) , II(C) , or II(D) -

34. Active Assets, Peacetime [PEACETIME] . Matrix VI (A) , VI(B) and VI(C) - Line 14a, Columns A or G, is equal to line 14 minus 14b and 14c.

35. Assets, Ready for Issue On-Hand Beginning of Period [ON-HAND] . Matrix VI (D) - Line 13a is equal to line 16, Columns C and D, Matrix II(B) , II (C) or II (D) .

36. Active Assets, War Reserves [WAR RESERVES] .

a. Matrix VI(A). & VI (B) - Line 14b, Column A is equal to the sum of lines 6b, Columns D, F, and G, Matrix I(B), I(C) or I(D) .

b. Matrix VI (A) - Line 4b,Column G, is equal to line a, column C , Matrix I(B) , I(C) or I(D) .

d. Matrix VI (C) - Line 14b, Column G, is equal to the sum of Line 6, columns C and D, Matrix V(A) .

37. Intransit. [INTRANSIT] . Matrix VI (A) , VI(B), & VI(C) - ine 14c will be blank for Columns A and G.

38. Serviceable Returns [SERV RETuRNs 1. Matrix VI (D) - Line 13b is equal to Line 16, Column E, Matrix II(B) , II(C) or II(D) .

39. Active Assets Procurement Receipts Within Repair Lead time [PROC RECEIPTS] . Matrix VI (D) Line 13c, Column A, is equal to Line 13, Column F, Matrix II (B) , II(c), or II(D) .

40. Active Assets in Process of Repair [IN PROCESS REP] . Matrix VI (D) - Line 13D, Column A, is equal to Line 16, Column G, Matrix II(B) , II(C) , or II(D) .

41. Inactive Assets [INACTIVE ASSETS] .

a. Matrix VI (A) & VI (B) - Line 15, Column A, is equal to the sum of Line 28, Columns D, F and G, Matrix I(B) , I(C) or I(D) .

b. Matrix VI (C) - Line 15, Column G, is equal to the sum of Line 18, columns C and D, Matrix V(A) .

c. Matrix VI (D) - Line 14, Column A, is equal to the sum of Line 17, Columns C, D, F, G and H, Matrix II(B) , II(C) , or II(D) .

42. Inactive Assets On-Hand [ON-HAND] .

a. Matrix VI (A) , VI (B) & VI(C) - Line 15a, Column A, is equal to Line 15.

b. Matrix VI (D) - Line 14a, Column A, is equal to Line 17, columns C plus D, Matrix II(B), II(C) or II(D) .

43. <u>Inactive Intransit.</u> [INTRANSIT]. Matrix VI (A) , VI(B) and VI(C) - Line 16b, Column A, is blank.

44. <u>Serviceable Returns</u> [**SERV RETURNS**] . Matrix VI (D) - Line 14b, Column A, is equal to Line 17, Column E, Matrix II(B), II(C) or II(D) .

45. <u>Procurement Receipts Within Repair Lead time</u> [**PROC. RECEIPTS**]. Matrix VI(D) - Line 14c, Column A, is equal to Line 17, Column F, Matrix II(B), II(C) or II(D) .

46. <u>In Process of Repair</u> [IN PROCESS REP]. Matrix VI (D) - Line 14d, Column A, is equal to Line 17, Column G, Matrix II (B) , II(C) or II(D) .

47. <u>Changes *During FY*</u> [CHANGES **FY__**] . Matrix VI (A) and VI (B) - Line 16, Column A, is the sum of Line 5, Columns E and H, Matrix I(B) , I(C) or I(D) .

48. **<u>Changes During FY__,</u>** Applicable [APPLICABLE] . Matrix VI(A) and VI(B) - Line 16a, Column A, is the sum of Line 27, Column E and H, Matrix I(B) , I(C), or I(D).

49. <u>*Changes During FY_,*</u> Inapplicable [INAPPLICABLE] . Matrix VI (A) and VI (B) - Line 16b, Column A is equal to Line 16 minus 16a.

50. <u>Other Transactions</u> Applicable [OTHER APPLICABLE] . Matrix VI (D) - Line 15, Column A is equal to the sum of Lines 15a through 15c .

51. <u>Serviceable</u> [**SERVICEABLE**] . Matrix VI (D) - Line 15a, Column A is blank.

52. <u>In Process of Repair</u> [IN PROCESS REP] . Matrix VI (D) - Line 15b, Column A is blank.

53. <u>Not Ready for Issue</u> [**NRFI**] . Matrix VI (D) - Line 15C, Column A is blank.

54. <u>Other Transactions</u> Inapplicable [**OTHER** INAPPLICABLE **]** . Matrix VI (D) - Line 16, Column A is equal to the sum of Lines 16a through 16c.

55. <u>Serviceable</u> [SERVICEABLE] . Matrix VI (D) - Line 16a, Column A, is blank.

56. <u>In Process of Repair</u> [IN PROCESS REP] . Matrix VI (D) - Line 16b, Column A is equal to Line 1 minus Line 5, Column G, . Matrix II(B) , II(C) or II(D) .

57. <u>Not Ready for Issue</u> [**NRFI**] . Matrix VI (D) - Line 16b, Column A is equal to Line 1 minus Line 5, Column H, Matrix II (B) , II(C) or II(D) .

58. <u>Net Requirement</u> [NET REQUIREMENT] . Matrix VI (A) , VI(B) and VI(C) - Line 17, Columns A and G, is equal to Line 13 minus Lines 14 and 16a.

59. <u>Potential Repair</u> [POTENTIAL REPAIR] . Matrix VI (D) - Line 17, Column A is equal to Line 12 minus Lines 13 and 15.

60. On order Beginning of Period [ON **ORDER BP**] .

    a. Matrix VI(A)& VI(B) - Line 18, Column A is equal to Line 5, Column I, Matrix I (B) , I(C) or I(D) .

    b. Matrix VI (C) - Line 18, Column G, is equal to Line 5, Column E, Matrix V(A) .

61. On Order Beginning of period, Active [APPLICABLEI .

    a. Matrix VI (A) & VI (B) - Line 18a, Column A is the same as Line 27, Column I, Matrix I(B), I(C) or I(D).

    b. Matrix VI (C) - Line 18a, Column G, is the same as Line 17, column E, Matrix V(A) .

62. On Order Beginning of Period, Inapplicable [INAPPLICABLE] .

    a. Matrix VI (A) & VI (B) - Line 18b, Column A is equal to Line 28, Column I, Matrix I(B) , I(C) or I(D) .

    b. Matrix VI (C) - Line 18b, Column G, is equal to Line 18, Column E, Matrix V(A) .

63. On Order End of Period (Memo) [ON **ORD** Epl .Matrix VI(A) & VI(B) - Line 18c, Column A is equal to Line 5, Column I, Matrix I (C) and I (D) or Line 27, Column I, Matrix I (D) , respectively.

64. Inductions for Repair [REPAIR INDUCTIONI . Matrix VI(D) - Line 18, Column A is equal to Line 18a plus Line 18b.

65. Not Ready for Issue On Hand [**NRFI** ON-HAND] . Matrix VI(D) - Line 18a, Column A is

the same as Line 16, Column H, Matrix II(B) , II (C) or II(D) .

.66. Unserviceable Returns [**UNSERV** RETURNS 1. Matrix VI (D) - Line 18b, Column A is the same as Line 16, Column I, Matrix II(B) , II(C) or II(D) .

67. Inapplicable Not **Ready** for Issue on-Hand [**INAPPL NRFI**]. Matrix VI (D) - Line 19, Column A is the same as Line 17, Column H, Matrix II(B) , II(C) or II(D) .

68. Inapplicable Unserviceable Returns [**INAPPL** UNSERV **RETS**] . Matrix VI (D) - Line 20, Column A is the same as Line 17, Column I, Matrix II (B) , II(C) or II(D) .

69. In Process of Repair End of Period [IN PROCESS REP I . Matrix VI (D) - Line 21 Column A is the sum of Lines 21a plus 21b.

70. Applicable [APPLICABLE]. Matrix VI (D) - Line 21a, Column A is the same as Line 16, Column G for Matrix II (B) and II (C) or Line 17, Column G for Matrix II(D) .

71. Inapplicable [IAPPLICABLE] . Matrix VI (D) - Line 21b, Column A is the same as Line 17, Column G, Matrix II(C) or II(D) .

72. Repair Ready for Issue output [**REPAIR RFI OUTPUT**] . Matrix VI (D) - Line 22, Column A is the sum of Lines 22a and 22b.

73. Applicable [APPLICABLE]. Matrix VI (D) - Line 22a, Column A is equal to Lines 13d plus 18 minus 21a.

74. **Inapplicable**
[INAPPLICABLE] . Matrix VI (D) -
Line 22b, Column A is equal to
Line 14d minus 16b minus 21b.

75. **End** of Period Applicable
Assets **[APPL ASSETS EOP]** .
Matrix VI (D) - Line 23, Column A
is the sum of Lines 23a and 23b.

76. Ready for Issue **[RFI]** .
Matrix VI (D) - Line 23a, Column
A is the sum of Lines 13a
through 13c, plus Line 22a minus
line 9.

77. **Not** Ready for Issue
[NRFI]

77. Not Ready for Issue
[NRFI] . Matrix VI (D) - Line
23b, Column A is blank.

78. **End** of Period
Inapplicable [EOP INAPPL] .
Matrix VI (D) - Line 24, Column A
is the sum of Lines 24a and 24b.

79. Ready for Issue **[RFI]** .
Matrix VI (D) - Line 24a, Column
A is the sum of Lines 14a
through 14c, plus Line 22b.

80. Not Ready for Issue [ ] .
Matrix VI (D) - Line 24b is the
sum of Line 19 plus 20 plus or
minus Line 16c.

81. Total Commitment &
Precommitment [TOT COM & *PC]* .
Matrix VI (A) - Line 19, Columns
A and G, equals lines 17 minus
18a.

82. Total **Repair** Requirement
At Standard Cost [REP **RQMT-**
COST] . Matrix VI(D) - Line 25
is equal to Line 16, Column K,
Matrix II(B), II(C) or II(D).

83. Unobligated Commitments &
Precommitments [UNOBLIG COMMIT] .
Matrix VI (A) & VI (B) - Line 20,
Column A, is equal to Line 5,
Column J, Matrix I(C) , I(D) or
I(E) .

84. Less Unscheduled-Funded
[LESS **UNSH-FD]** . Matrix VI (D) -
Line 20, Column A, will be
blank. Line 17, Columns O and
Q, will show the unexecuted
portion of the Fiscal Year 1
requirement.

85. Obligations **at** Standard
[OBLIGS AT STD]. Matrix VI(A),
VI(B) & VI(C) - Line 21, Columns
A and G, equals Line 19 minus
Line 20.

86. Repair Percent [REPAIR
PERCENT] . Matrix VI (D) - Line
27 is Line 26 divided by Line
19.

D. SPECIAL INSTRUCTIONS FOR
BUDGET ESTIMATE AND PRESIDENT ' S
BUDGET *SUBMISSIONS*

1. **First** Half Actual *for*
Budget Estimates. The
transition statement supporting
the first half actual will be
prepared in the same manner as
described above with the
addition of Column P and Q.
These columns will be required
since the transition will "cover
less than a full year in Column
O. Column P will reflect
obligations at cost from the
beginning of the fiscal year to
the cutoff date for the
stratification matrix used in
the transition statement.

2. **Fiscal Year 1   (Current Year) for Budget Estimates.** The transition statement will be prepared as described above with the following exceptions:

a. Column A, Summary Matrix I will be prepared as described above using Matrix I(C).

b. column c, Provisioning Adjustment (Matrix I) will agree with the first year entries on the provisioned items budget exhibit.

c. Column D, Adjustment to Reconcile Inventory to Financial Records, Matrix I, will be used to reconcile total on hand from the financial inventory record and total outstanding obligations for material from the accounting records including intransit and other inventories. Since stratification values are at standard price while financial values are at cost price, the latter should be raised to standard for reconciliation purposes. The conversion factor will be based on stratified on order at standard price versus stratified on order at latest acquisition cost.

3. **Fiscal Year 2 (Biennial Year 1) for Budget Estimates.** The transition statement supporting Fiscal Year 2 will be completed as described in Section B above with the following exceptions:

a. Column A, Summary Matrix I, will be prepared using Matrix I(D).

b. column c, Provisioning Adjustment, Matrix I, will agree with the second year entries on

the provisioned items budget exhibit.

c. Column D, Adjustment to Reconcile Inventory to Financial Records (Matrix I), will be retitled to "Impact of Prior-Year Adjustments". It will reflect the changes in opening inventory as a result of the adjustments made to the previous year's asset position; the impact of the reconciliation to the financial records carried forward; the impact of transactions in the previous year that were not considered in the stratification, i.e., disposals, fund realignments, transfers, etc.

d. Column G, Retail Summary Matrix, demands are equal to Line 17b, Matrix V(A), when not using Matrix I.

e. Column H, Demand and Levels Adjustment will reflect known changes to the basic Matrix I(C) retail requirements; Matrix V(A) straight-line projects; prior year transactions not considered in the stratification, i.e. disposals, capitalizations, decapitalizations, and fund realignments .

f. Column I, Adjustment to Reconcile Inventory to Financial Records (Retail), will be used to reflect changes in the opening inventory resulting from *prior* year adjustments and the reconciliation of financial record adjustments.

g. Column K, Capitalization and Other Program Increases, will be used to display the impact of annual price changes. Line entries should be developed based on "before" and "after" price

change summary stratifications. These deltas should be reviewed and adjusted as necessary to ensure reasonableness and compatibility with the prior-year price update statistics and with previous fiscal year cost escalation factors.

4. <u>Fiscal Year 3 (Biennial Year 2) for Budget Estimates.</u> The transition statement for Fiscal Year 3 is prepared as described in Section B, with the following exceptions:

a. Column A, Summary Matrix I, will be developed using Matrix I(E) .

b. column c, Provisioning Adjustment, entries will agree with the third year of the provisioned items budget exhibit.

c. Column D, Adjustment to Reconcile Inventory to Financial Records, will be retitled "Impact of Prior-Year Adjustments. " It will be used to reflect changes based on prior years adjustments to inventory and financial record reconciliations .

d. Column K, Capitalization and Other Program Increases, will be used to display the impact of the annual price change. The entries will be as follows:

(1) Line 11 and 11a should equal DoD Budget Statement 5A, Line A, "Impact of Price Change" from previous years transition statement.

(2) Line 2, Demand to Date of Last Buy, should be less than line 11.

(3) Line 1, Stock Due out , reflects the value of price-updated unfilled customer orders as of 1 October.

(4) Line 7a and 7b, Administrative and Production Lead-times, will be computed by using days from Matrix I(E) and the Line 9 issues.

(5) Line 3, Safety Level, will be computed using Matrix I(E) safety level days and that portion of Column K, Line 9, that is recurring demand.

(6) Line 7d, Procurement Cycle Requirement, is computed using Matrix I(E) PCR days and Column K, Line 9 issues.

(7) Line 11, War Reserve Requirement, Protectable, reflects the impact of price changes on the requirement.

(8) Line 20, Obligations, should not exceed Line 9 *since* the obligation value for an outyear should basically represent sales replacement costs and not levels deficiencies .

(9) Line 18, Commitments, should equal or approximate the Line 6 dollar value of this transition statement.

(lo)	Line 17c, EOP
On Order, should equal Line 7,·
on this transition statement.

(11)	Line 16, Net
Requirement, should "equal Line
18 on this transition statement.

(12)	Line 15a,
Changes FY_ Applicable, will
equal Line 12 minus Line 16.

(13)	Line 15b,
Changes FY_ Inapplicable, will
equal the best estimate of the
impact of 1 October price
changes on inapplicable on-hand
and on-order assets.

5. **Fiscal Year 1 for**
President's Budget. The
transition statement supporting
fiscal year 1 is prepared as
described in Section B, above.
The exceptions are as follows:

a. Column A will be
developed using Matrix I(C).

b. Column G will be
developed using Matrix V(A) for
all submissions.

c. Column K will include
a subdivision (backup column) to
reflect the impact of the annual
price change.

6. **Fiscal Year 2 (Biennial**
Budget Year 1) for President's
Budget. The transition
statement will be prepared using
the biennial budget year 1
described above. The exceptions
are as follows:

a. Column A will use
Matrix I(E) for all submissions.

b. Column C will agree
with the second year of the
provisioned items budget
exhibit.

c. Column G will be the
same as Section 1.

d. Column K will reflect
the impact of the annual price
update.

E. MATRIX VI EXAMPLES

The following pages contain
examples of the matrices
described in this chapter.
These matrices will be part of
the Component Supply Management
DBOF budget submissions.

MATRIX VI(A) - TRANSITION FROM STRATIFICATION TO BUDGET

BUDGET PROJECT _____ TOTAL - FISCAL YEAR _____

TOTAL WHOLESALE AND RETAIL PROCUREMENT

AS OF _____ , 19__ (dollars in thousands)

WHOLESALE AND RETAIL BUDGET ELEMENTS	A STRAT TABLE I	B STRAT DMD LEVEL ADJ	C INITIAL SPRS ADJ	D FIN RCDS ADJ	E PROG CHG ADJ	F OTHER ADJ	G MATRIX V(A)	H MATRIX V(A) ADJ	I RET. FIN RCDS ADJ	J SUB TOTAL	K CAP/OTH INCR.	L DECAP/OTH DECR.	M MAT'L RETS.	N TRNSF DRMO	O TOTAL RQMT
1. Dues Out															
2. Dmd to DLB															
3. Safety Level															
a. Cust Wait Time															
b. OPN Read															
4. Insurance															
5. Initial Spares															
6. L-O-T															
7. Repair Cycle															
8. Mat'l Pipeline															
a. Prod. LT															
b. Adm. LT															
c. EOQ/Proc Lvl															
d. OST															
e. Oper. Lvl.															
9. An. Opr. Rqmt															
10. Less FYxx Issue															
a. Reimbursable															
b. Others															
c. Transfers															
11. End FYxx PT Inv															
12. War Reserve															
a. Protected															
b. Non-Protected															
13. Tot Mat'l Rqmt															
14. Active Asset															
a. Peacetime															
b. War Reserve															
c. Intransit															
15. Inactive Assets															
a. On Hand															
b. Intransit															
16. Changes, FYxx															
a. Applicable															
b. Inapplicable															
17. Net Requirement															
18. On Order BP															
a. Applicable															
b. Inapplicable															
c. On Order EP															
19. Total Com & PC.															
20. Unoblig Commit.															
21. Obligs at STD															

WHOLESALE AND RETAIL BUDGET ELEMENTS	O TOTAL RQMT	o(1) ADJUST NET/STAND	o(2) RQMTS NET/STAND	o(3) CONVERT COST	o(4) RQMTS AT COST	P 1ST HALF ACTUAL	P(1) MOB OBS AT COST	P(2) TRANS OBS AT COST	P(3) REPAIR OBLIGS	P(4) LESS PRECOM	Q TOT FY RQMT			
BUDGET PROJECT _____ TOTAL - FISCAL YEAR _						MATRIX VI(A) - TRANSITION FROM STRATIFICATION TO BUDGET								
TOTAL WHOLESALE AND RETAIL PROCUREMENT					AS OF _____ __, 19_ (dollars in thousands)									
1. Dues Out														
2. Dmd to DLB														
3. Safety Level														
a. Cwt. WT														
b. OPN Read														
4. Insurance														
5. Initial Spares														
6. O-T														
7. Repair Level														
8. Mat'l pip														
a. Prod. LT														
b. Adm. LT														
c. TQQ/Prod Lvl														
d. OST														
e. Oper. LvL														
9. Ann On- Rqmt														
10. Less FYxx Issue														
a. Reimbursable														
b. Others														
c. Transfers														
11. End FYxx PT Inv I														
12. War Reserve														
a. Protected														
b. Non-Protected														
13. Tot Mat'l Rqmt														
14. Active Asset														
a. Peacetime														
b. War Reserve														
c. Intransit														
15. Inactive Assets														
a. On Hand														
b. Intransit														
16. Changes, FYxx														
a. Applicable														
b. Inapplicable														
17. Net Requirement														
18. On Order BP														
a. Applicable														
b. Inapplicable														
c. On Order EP														
19. Total Com & PC.														
20. Unoblig Commit.														
21. Obligs at STD														

BUDGET PROJECT	TOTAL - FISCAL YEAR __					MATRIX VI(B) - TRANSITION FROM STRATIFICATION TO BUDGET					
TOTAL WHOLESALE PROCUREMENT						AS OF ____, 19__ (dollars in thousands)					
WHOLESALE BUDGET ELEMENTS	A STRAT TABLE I	B STRAT DMD LEVEL ADJ	C INITIAL SPRS ADJ	D FIN RCDS ADJ	E PROG CHG ADJ	F OTHER ADJ	J SUB TOTAL	K CAP/OTH INCR.	L DECAP/OTH DECR.	M MAT'L RETS.	N TRNSF DRMO	O TOTAL RQMT
1. Dues Out												
2. Dmd to DLB												
3. Safety Level												
a. Cust. WT												
b. OPN Read												
4. Insurance												
5. Initial Spares												
6. L-O-T												
7. Repair Level												
8. Mat'l Pipeline												
a. Prod. LT												
b. Adm. LT												
c. EOQ/Proc Lvl												
9. An Opr. Rqmt												
10. Less FYxx Issue												
a. Reimbursable												
b. Others												
c. Transfers												
11. End FYxx PT Inv												
12. War Reserve												
a. Protected												
b. Non-Protected												
13. Tot Mat'l Rqmt												
14. Active Asset												
a. Peacetime												
b. War Reserve												
c. Intransit												
15. Inactive Assets												
a. On Hand												
b. Intransit												
16. Changes, FYxx												
a. Applicable												
b. Inapplicable												
17. Net Requirement												
18. On Order BP												
a. Applicable												
b. Inapplicable												
c. On Order EP												
19. Total Com & PC.												
20. Unoblig Comndt.												
21. Obligs at STD												

TOTAL WHOLESALE PROCUREMENT | AS OF _____, 19__ (dollars in thousands)

WHOLESALE BUDGET ELEMENTS	O TOTAL RQMT	O(1) ADJUST NET/STAND	O(2) RQMTS NET/STAND	O(3) CONVERT COST	O(4) RQMTS AT COST	P 1ST HALF ACTUAL	P(1) MOB OBS AT COST	P(2) TRANS OBS AT COST	P(3) REPAIR OBLIGS	P(4) LESS PRECOM	Q TOT FY RQMT
1. Dues Out											
2. Dmd to DLB											
3. Safety Level											
a. Cust. WT											
b. OPN Read											
4. Insurance											
5. Initial Spares											
6. L-O-T											
7. Repair Level											
8. Mat'l Pipeline											
a. Prod. LT											
b. Adm. LT											
c. EOQ/Proc Lvl											
9. An Opr. Rqmt											
10. Less FYxx Issue											
a. Reimbursable											
b. Others											
c. Transfers											
11. End FYxx PT Inv											
12. War Reserve											
a. Protected											
b. Non-Protected											
13. Tot Mat'l Rqmt											
14. Active Asset											
a. Peacetime											
b. War Reserve											
c. Intransit											
15. Inactive Assets											
a. On Hand											
b. Intransit											
16. Changes, FYxx											
a. Applicable											
b. Inapplicable											
c. On Order EP											
17. Net Requirement											
18. On Order BP											
a. Applicable											
b. Inapplicable											
c. On Order EP											
19. Total Com & PC.											
20. Unoblig Commit.											
21. Obligs at STD											

BUDGET PROJECT _____ TOTAL - FY _____

MATRIX VI(C)-TRANSITION FROM STRATIFICATION TO BUDGET

TOTAL RETAIL PROCUREMENT AS OF _____, 19__ (dollars in thousands)

RETAIL BUDGET ELEMENTS	G MATRIX V(A)	H MATRIX ADJ V(A)ADJ	I RET. FIN RCDS ADJ	J SUB TOTAL	K CAP/OTH INCR.	L DECAP/OTH DECR.	M MAT'L RETS.	N TRNSF DRMO	O TOTAL RQMT	O(1) ADJUST NET/STAND	O(2) RQMTS NET/STAND	O(3) CONVERT COST	O(4) RQMTS AT COST	P 1ST HALF ACTUAL	P(1) MOB OBS AT COST	P(2) TRANS OBS AT COST	P(3) REPAIR OBLIGS	P(4) LESS PRECOM	Q TOT FY RQMT
1. Dues Out																			
2. Safety Level																			
a. Cust. WT																			
b. OPN Read																			
3. Limited Demand																			
4. Insurance																			
5. Initial Spares																			
6. Repair Cycle																			
7. Mat'l Pipeline																			
a. OST																			
b. Oper. Lvl.																			
8. An Opr. Rqmt																			
9. Less FYxx Issue																			
a. Reimbursable																			
b. Others																			
c. Transfers																			
10. End FYxx PT Inv																			
11. War Reserve																			
12. Tot Mat'l Rqmt																			
13. Active Asset																			
a. Peacetime																			
b. War Reserve																			
c. Intransit																			
14. Inactive Assets																			
a. On Hand																			
b. Intransit																			
15. Changes, FYxx																			
a. Applicable																			
b. Inapplicable																			
16. Net Requirement																			
17. On Order BP																			
a. Applicable																			
b. Inapplicable																			
c. On Order EP																			
18. Total Com & PC.																			
19. Unoblig Commit.																			
20. Obligs at STD																			

BUDGET PROJECT <u>TOTAL</u> - FISCAL YEAR _					MATRIX VI(D) - **TRANSITION** FROM STRATIFICATION TO BUDGET							
TOTAL REPARABLE					AS OF _____ _, 19_ (dollars In thousands)							
WHOLESALE AND												
RETAIL BUDGET	A				J					o		
ELEMENTS	STRAT				SUBTOTAL					TOTAL		
1. Dues Out	TABLE I											
2. Dmd to DLI												
3. safety Level												
4. Insurance												
5. L-O-T												
6. Repair Leadtime												
7. Induction Cycfe												
8. PT Repair Obj.												
9. Less FYxx Issue												
a. Recurring												
b. Non-Recurring												
10. End Repair Obj.												
11. War Reserve												
a. Protected												
b. Not-Protected												
12. Tot Repair Obj.												
13. Active Asset												
a. On-Hand												
b. Serv Returns												
c. Proc Receipt												
d. In Process Rep												
14. Inactive Assets												
a. On-Hand												
b. Serv Returns												
c. Proc Receipt												
d. In Process Rep												
15. Other Applicable												
a. Serviceable												
b. In Process Rep												
c. NRFI												
16. Other Inapplicable												
a. Serviceable												
b. In P- Rep												
c. NRFI												
17. Potential Repair												
18. Repair Inductions												
a. NRFI On-l-land												
b. Unser Returns												
19. Inapplicable NRFI												
20. Inappl Unser Reta												
21.10 Process Rep EOP												
a. Applicable												
b. Inapplicable												
22. Repair RFI Output												
a. Applicable												
b. Inapplicable												
23. EOP Applicable												
a. RFI												
b. NRFI												
24. EOP Inapplicable												
a. RFI												
b. NRFI												
25. Repair Cost												
26. Repair Percent												